



IDAHO STATE LIQUOR DIVISION

C.L. "BUTCH" OTTER
GOVERNOR

Executive Office of the Governor

JEFFREY R. ANDERSON
DIRECTOR

PRICE CHANGE MEMORANDUM

TO: All Idaho Liquor Representatives and Brokers

FROM: Bill Applegate

SUBJECT: FLOOR PRICE ADJUSTMENT EFFECTIVE 2-1-11

The Idaho State Liquor Division (ISLD) is adjusting the FLOOR PRICE on a number of selected Categories effective February 1, 2011. This is the first of several pricing policy changes over the next 12 months. Because this change is being administered differently, this memo will outline the steps followed. Please pass this information on to the firms you represent.

The Categories and sizes being increased are at the bottom of this Memorandum.

AMOUNT OF ADJUSTMENT :

For the affected Categories, the 750 ml's existing floor price is being increased by 5%, with the raw price adjusted to the next highest nickel.

Instead of applying a 5% increase to both the 375 ml and 1.75 ltr sizes, we have calculated the dollar & cents difference between the 750 ml current floor price, and the February 1 floor price and this amount is being added to the current 375 ml and 1.75 ltr floor prices. This means all three sizes will increase by the same amount.

CASE COST INCREASES AND ADJUSTMENTS:

Suppliers of affected Floor Priced Categories may wish to adjust their FOB Boise case costs. ISLD will accept revised Standard Price Quotations for **March 1, 2011** for these categories and sizes only, provided they are submitted to ISLD no later than **February 1, 2011**. All other February 1, 2011 price revisions were due December 1, 2010.

The next price increase window will be May 1, 2010, with quotes to ISLD by March 1, 2011.

PLEASE NOTE: Currently as little as a \$.01 case cost difference can result in a \$.05 price difference between the Floor Price and the next price level. We are establishing a "NEXT STEP" price above the Floor Price that's \$.25 higher than the floor. The "NEXT STEP" increment is planned for February 1, 2011, if Supplier's are adjusting costs they may want to take this into consideration.

OTHER CHANGES BEING CONSIDERED:

We are looking much more closely about each product's Gross Profit contribution and how that may affect the product's shelf positioning and size extensions allowed, even within a particular price level.

Gross Profit contributions will also be considered as we look at new products or as we look at expanding the number of packages or sizes of existing products, especially for FLOOR PRICED products.

OTHER CHANGES BEING CONSIDERED (continued):

We will continue evaluating Floor Prices and may apply this increase to other Categories as time goes by.

We expect to revise the timing of both Quarterly Price Reductions and Monthly Special Purchase allowances in the near future. We are considering doing the inventory buy-in or bailment movement to ISLD-ownership to occur in one month, with the resulting retail price reduction to occur in another, subsequent month.

FLOOR PRICES 2-1-11 FOR THE FOLLOWING CATEGORIES AND SIZES

		375 ml		750ML		1.75 LTR
Cat #	CATEGORY	2-1-11 FLOOR PRICE		2-1-11 FLOOR PRICE		2-1-11 FLOOR PRICE
13	TENNESSEE WHISKEY	7.50		11.35		26.50
14	BOURBON: 80° & BELOW	5.70		8.60		18.35
14	BOURBON: 80.1° & ABOVE	6.40		9.65		20.80
24	BLENDED WHISKEY	4.75		7.10		14.90
31	CANADIAN: 80° & BELOW	5.15		7.70		16.40
31	CANADIAN: 80.1° & ABOVE	8.35		12.60		29.60
34	SCOTCH, IMPORTED	7.15		10.75		23.25
40	BRANDY, DOMESTIC, STANDARD	6.40		9.65		20.80
43	BRANDY, DOMESTIC, FLAVORED	6.20		9.30		20.85
46	RUM, STANDARD: 80° & BELOW	5.05		7.50		15.90
46	RUM, STANDARD: 80.1° & ABOVE	6.55		9.75		21.45
47	RUM, FLAVORED: 80° & BELOW	5.05		7.50		15.90
47	RUM, FLAVORED: 80.1° & ABOVE	6.55		9.75		21.45
53	VODKA, DOMESTIC FLAVORED	4.30		6.45		13.50
55	VODKA, DOMESTIC STANDARD	4.30		6.45		13.50
56	VODKA, DOMESTIC 100°	5.70		8.60		18.35
61	SCHNAPPS: 60° & BELOW	5.45		8.15		17.25
61	SCHNAPPS: 60.1° & ABOVE	9.25		13.95		32.25
64	CREAM LIQUEURS: 31° & BELOW	5.25		7.80		18.20
64	CREAM LIQUEURS: 31.1 & ABOVE	6.95		10.45		24.40

Please call if you have questions.

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